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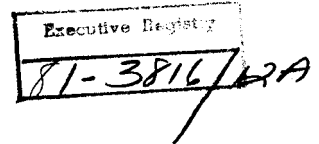
Central Intelligence Agency



Washington, D.C. 20505

81-0920

20 JUL 1981



The Honorable Ted Stevens
Chairman, Subcommittee on Defense
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I thank you for the comments in your 15 July letter on additional compensation for our overseas employees. I have, as you suggest, instituted an interim overseas differential pending a full scale analysis of our overseas compensation situation. (S)

I want to assure you that I am confident that the interim differential -- [redacted] of the employee's base salary -- is fully justified by special circumstances and the substance of intelligence work overseas. Early next year, upon the completion of a thorough systematic analysis which we will have prepared by external experts, we will discuss the subject fully with the Committee. (S)

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We estimate that the cost of the Agency's interim overseas differential will be [redacted] for the remainder of FY 1981. This amount can be absorbed within our 1981 budget as a result of the following cost-saving actions already taken. We have reduced furniture procurement in 1981 in response to the OMB moratorium, and we will have approximately [redacted] of savings to be applied to the interim overseas differential. Further, we have adjusted supplemental guard coverage in certain of our Headquarters facilities resulting in a savings of about [redacted]. Finally, we estimate that the terminal leave payments will be about [redacted] less than the [redacted] that was budgeted for FY 1981. (S)

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The exact cost of increased overseas pay in 1982 will of course depend on the results of our study. Should the interim differential continue throughout FY 1982, its cost would be about [redacted]. Providing the required additional funds in 1982 will be considerably more difficult than were the 1981 actions. Nonetheless, I believe appropriate overseas pay is such an important issue that I am prepared to make the required sacrifices elsewhere in our 1982 program. I will be in a much better position to know the extent of these sacrifices after the first of the year when our Congressionally approved 1982 budget is known and the analysis of overseas compensation is complete. (S)

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Thank you again for your counsel and support on this matter. (U)

Sincerely,

/s/ B. R. Inman

B. R. INMAN
Admiral, U.S. Navy
Acting Director of Central Intelligence

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